

## **REMARKS**

Applicants reply to the Office Action dated May 9, 2006, which reply is filed with a two-month extension of time. Claims 1-41 were pending in the application and the Examiner rejects claims 1-41. Applicants cancel claim 2 without prejudice to filing one or more claims having similar subject matter. Support for the amendments may be found in the originally-filed specification, claims, and figures. No new matter has been introduced by these amendments. Reconsideration of this application is respectfully requested.

### **Rejections under 35 U.S.C. § 112**

The Examiner rejects claims 3, 4, 7, 8, and 37 under 35 U.S.C. § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Regarding claims 3, 4, 7 and 8, the Examiner states that, “it is not clear as to what account the credit is being applied to” (page 2, item 3). Applicant amends claims 3, 4, 7 and 8 to clarify that a currency value can be credited to the listed accounts, in addition to the participant financial account of claim 1.

Regarding claim 37, the Examiner states that, “it is not clear how many ‘secondary transaction numbers’ are being claimed” (page 3, paragraph 2). Applicant amends claim 37 to clarify the antecedent basis issues related to the secondary transaction number.

Further, in regard to claim 37, the Examiner states that, “the language reciting ‘generating a secondary transaction number with a credit limit of up to said currency credit’ is considered indefinite” and asks, “[h]ow can a number have a credit limit”? (page 3, paragraph 2). Applicant amends claim 37 to more clearly disclose that the secondary transaction number has an associated credit limit, wherein the credit limit data may be associated in a database with the secondary transaction number data.

The Examiner further considers indefinite, the recitation that the secondary transaction number “is configured in the same format as existing charge cards” (page 3, paragraph 2). Applicant asserts that the specification clearly discloses that the standard formatting of existing charge cards comprises 15 digits, (e.g., acct. no. 0000 001111 1111). Moreover, the claim element itself clearly defines that the secondary transaction number is formatted “so as to be accepted by existing transaction card authorization and settlement processing systems.” Thus, those of ordinary skill in the art would appreciate that existing transaction card settlement

systems will only accept a card that has a number in the predefined format, (e.g., acct. no. 0000 001111 11111). Moreover, one skilled in the banking arts will appreciate that a customer account number may be a sixteen- or fifteen- digit credit card number, The first five to seven digits are reserved for processing purposes and identify the issuing bank, card type, etc. In this example, the last (sixteenth) digit is used as a sum check for the sixteen-digit number. The intermediary eight-to-ten digits are used to uniquely identify the customer.

### **Examiners Reply**

In reply to Applicant's arguments filed on January 19, 2006, the Examiner disagrees with Applicant's assertion with respect to Carrithers having only one account. Specifically, the Examiner asserts that a, "common account number may identify both account but there must be two account [sic], namely the debit card account itself that contains money and the loyalty awards account that hold [sic] the number of loyalty points that a customer has earned" (page 13, paragraph 1). However, as argued above, Applicant respectfully disagrees.

The debit card of Carrithers is a loyalty card only. In other words, while the term "debit card" is used throughout Carrithers to describe the physical card used to facilitate a purchase using points held in a point account, there is no disclosure of the debit card being associated with an account that holds money. Only a single account is disclosed, and this is the account used to maintain loyalty points. Because there is no disclosed association between the point account and any other account, including any financial account, Carrithers does not disclose or teach any need for a second account in addition to the point account.

### **Rejections under 35 U.S.C. § 103(a)**

The Examiner rejects claims 19, 20, 24, 25, 27-31, 33, 34, and 37-41 under 35 U.S.C. § 102(b) as being anticipated by Carrithers et al., U.S. Patent No. 5,689,100, ("Carrithers"). Applicants respectfully traverse the rejection.

Carrithers generally discloses a debit card system, wherein a user presents a debit card associated with an awards account having a point balance as payment for a purchase, and the points are converted to a currency value in order to make a purchase. Specifically, the Carrithers system receives a debit card purchase request over a credit card network, validates the card number, converts the point balance of the loyalty account to a cash value, determines if the cash value is sufficient for the purchase, and transmits an approval or decline message to the requesting merchant.

The Carrithers system includes a loyalty point account that maintains points earned over a period of time by a loyalty program participant. The points are redeemed by the participant by way of a specialized debit card. In other words, the debit card is exclusively associated with the loyalty point account rather than associated with a financial account such as, for example, a savings account, checking account, and line of credit. Thus, while a monetary value may be attributed to a points account in Carrithers, the account is not a financial account in the sense that a seamless spend transaction would always require the conversion of points to a currency value. Significantly, if the participant wished to conduct a purchase using a means other than by point conversion, the participant would be forced to select a payment method other than debit card of Carrithers.

The Carrithers debit card lacks any association with a financial account of the participant, which is evidenced by Carrithers disclosure at, for example, column 8, lines 49-57, which describes how it is possible to encounter an “overdrawn condition” due to the nature of some payment transactions, wherein the validity of the account is established and only a portion of the charge (e.g., \$1.00) is charged to the account. Later, the full amount of the purchase is debited from the participant’s account. Thus, if the payment system only verifies that the point account has a currency value available for a portion of the purchase price, it is possible that the final purchase price will exceed what was available in the account. Carrithers discloses that the deficiency would need to be paid in cash by the participant. Significantly again, Carrithers does not disclose the ability to use a financial (non-point conversion) account for payment.

Moreover, because the Carrithers debit card is not associated with a financial account, a participant would not be permitted to spend beyond the available balance of the point account. For example, if a participant desired to purchase airfare totaling \$950, but only had a points account balance equivalent to \$500, the participant would not be able to facilitate the purchase using the Carrithers card alone. Because Carrithers points are not converted to a currency value and applied as a credit to a financial account, the Carrithers debit card would not be able to utilize a financial account, which may include converted points, and Carrithers would not be able to utilize a line of credit associated with a financial account. In other words, the Carrithers participant would not be able to facilitate the airfare purchase because after the point balance equivalent is used for pay for the \$500, the Carrithers card does not include any other mechanism for providing the additional \$450.

The problem outlined above could not be suitably alleviated by simply attaching the Carrithers debit card to a credit card. To do so would render Carrithers inoperable in regard to the disclosed advantages of the Carrithers debit card system. For example, Carrithers is directed toward providing seamless processing of the debit card such that the merchant does not even realize that the purchase transaction is being facilitated with converted loyalty points. Under very limited circumstances, it may be possible for the Carrithers participant to pay for \$500 of the airfare using the Carrithers debit card and then pay the remaining balance of \$450 with a separate credit card. However, this type of transaction would significantly complicate the Carrithers system, doubling the merchant's efforts and requiring the administration of two separate accounts for a single transaction. Because the two accounts would not be associated, such a transaction would further increase traffic over the payment network and require additional computing resources for payment processing, settlement, and billing.

Still further, Carrithers discloses that the use of the debit card as payment for purchases is seamless to the merchant. However, the fact remains in Carrithers that the merchant must be an "authorized merchant" in order to accept the debit card of Carrithers. This significantly reduces the participant's ability to use the debit card freely with any merchant that accepts debit and/or credit card purchases. For example, Carrithers discloses the following:

"The filter processor evaluating software also includes means or software for generating invalidating data for the debit transaction when the evaluated debit transaction data indicates that the initiating merchant is not one of the authorized merchants. For example, if unauthorized merchant 112 initiated a debit transaction, merchant 112 would not have an identification number which is part of the list of authorized merchants of the program data. Therefore, invalidating data for the debit transaction would be generated" (column 5, lines 52-60).

In contrast, purchases made using the transaction instrument of the presently claimed invention are not only seamless, but are not limited to authorized merchants.

While Carrithers discloses converting points in a point account to a currency value, the currency value is not transferred to a financial account of the participant. In other words, the currency value is later transferred to a financial account of a merchant; however this is significantly different than transferring the currency value to an associated financial account of the participant for subsequent transfer to a financial account of a merchant. Thus, Carrithers does not disclose or suggest at least, "a computerized account manager conversion processor configured to convert said loyalty points to a currency value and to facilitate the application of

said currency value as a credit to a financial account of said participant,” as similarly recited by independent claims 19, 24, 33, 37, and 38.

Claims 20, 25, 27-31, 34, and 39-41 variously depend from claim 19, 24, 33, 37, and 38. Applicants assert that dependent claims 20, 25, 27-31, 34, and 39-41 are differentiated from the cited reference for at least the same reasons as set forth above, as well as their own respective features.

The Examiner next rejects claim 1-18, 21-23, 26, 32, 35, and 36 under 35 U.S.C. § 103(a) as being unpatentable over Carrithers. Applicants respectfully traverse the rejection.

As argued above in reference to the Examiner’s rejection of claims 19, 20, 24, 25, 27-31, 33, 34, and 37-41 over Carrithers, Carrithers does not disclose or suggest at least, “applying said currency value as a credit to a financial account of said participant, wherein said financial account is stored on a second database system, and wherein said currency value is applied to offset an executed charge,” as similarly recited by independent claims 1, 5, and 23.

Claims 3-18 variously depend from claims 1 and 5, and claims 21-22, 26, 32, 35, and 36 variously depend from claims 19, 24, and 33. Applicants assert that dependent claims 3-18, 21-22, 26, 32, 35, and 36 are differentiated from the cited reference for at least the same reasons as set forth above, as well as their own respective features.

Applicants respectfully submit that the pending claims are in condition for allowance. The Commissioner is hereby authorized to charge any fees which may be required, or credit any overpayment, to Deposit Account No. **19-2814**. If an extension of time is necessary, please accept this as a petition therefore. Applicants invite the Office to telephone the undersigned if the Examiner has any questions regarding this Reply or the present application in general.

Respectfully submitted,

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By: 

Howard Sobelman  
Reg. No. 39,038

**SNELL & WILMER L.L.P.**

400 E. Van Buren

One Arizona Center

Phoenix, Arizona 85004

Phone: 602-382-6228

Fax: 602-382-6070

Email: [hsobelman@swlaw.com](mailto:hsobelman@swlaw.com)